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## Condition (5) (C) Report

# COMPLIANCE WITH THE TREATY ON CONVENTIONAL ARMED FORCES IN EUROPE



January 2015

Prepared by the U.S. Department of State

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DEPARTMENT OF STATE  
Bureau of Arms Control, Verification and Compliance  
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## **REPORT ON TREATY COMPLIANCE**

This Report on Compliance (hereinafter referred to as the “Report”) with the Treaty on Conventional Armed Forces in Europe (CFE) of November 19, 1990 (hereinafter referred to as the “Treaty”), is submitted pursuant to Condition (5)(C) of the Senate Resolution of Advice and Consent to Ratification of the May 31, 1996, Document Agreed Among the States Parties to the Treaty on Conventional Armed Forces in Europe of November 19, 1990 (“the CFE Flank Document”), and covers January 1, 2014, through December 31, 2014.

This Report lists unresolved compliance issues detailed in earlier Reports, and it reviews unresolved compliance issues with new information in 2014 and new compliance issues in 2014. The Report also notes steps taken by the United States in response to any compliance issue and any responses by the implicated States Parties.

### **A. STATES PARTIES CERTIFIED TO BE IN COMPLIANCE WITH THE TREATY**

States Parties certified to be in compliance with the Treaty and its associated documents for 2014 are: Belarus, Belgium, Bulgaria, Canada, the Czech Republic, Denmark, France, Georgia, Germany, Greece, Hungary, Iceland, Italy, Kazakhstan, Luxembourg, Moldova, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, Turkey, Ukraine, the United Kingdom, and the United States.

### **B. COMPLIANCE ISSUES AND STEPS TAKEN WITH REGARD TO STATES PARTIES NOT CERTIFIED**

States Parties not certified to be in compliance with the Treaty and its associated documents for 2014 are: Armenia, Azerbaijan, and Russia.

#### **Armenia**

Although Armenia continues to express its full support for the Treaty, Armenia has not fulfilled some of its Treaty obligations.

#### **Unresolved Compliance Issues**

Previously reported, unresolved compliance issues are: (1) declared reduction liabilities that are not in accord with Treaty requirements, with consequent failure to complete necessary reductions; (2) reported stationing of forces on the territory of Azerbaijan without Azerbaijani consent; (3) apparent failure to declare all MT-LBu variant armored personnel carrier (APC) look-alikes; and (4) possible failure to declare Conventional Armaments and Equipment Subject to the Treaty (CAEST).

### **Unresolved Compliance Issues With New Information in 2014**

**Declared reduction liabilities that are not in accord with Treaty requirements, with consequent failure to complete necessary reductions:** This compliance issue goes back to 1992, when initial declarations of reduction liabilities were never submitted by Armenia. Armenia issued a diplomatic note to the Treaty's Joint Consultative Group (JCG) in November 1995, acknowledging receipt from Russia of almost 380 armored combat vehicles (ACVs) and implying a reduction liability of over 150 ACVs. It was never clear that Armenia actually received that amount of equipment in excess of its maximum level for holdings. Armenia notified and carried out one reduction event in November 1995, just prior to the end of the reduction period, in which almost 20 ACVs were reduced according to Treaty procedures, leaving an imputed reduction liability of over 140 ACVs. However, in July 1995, the JCG agreed to permit combat-damaged equipment to be credited against required reductions, as an alternative to Treaty reduction procedures, and Armenia had notified the JCG of over 90 ACV combat losses in 1994 and 1995, leaving an imputed reduction liability of about 75 ACVs.

In an October 28, 2013, statement to the JCG, Armenia pointed out that "the Armenian Armed Forces currently are undergoing a modernization process" and that "during this process considerable numbers of equipment, which have been identified as obsolete, will be subject to reduction through destruction in accordance with the CFE (Treaty) procedures." In October 2013, a proposal was developed for a project under the NATO Partnership for Peace Trust Fund Policy that would establish a national military vehicle dismantling capability at the Yeghvard Depot and over 110 decommissioned vehicles were assigned to this project, of which over 25 are ACVs, with at least a further 25 vehicles to be proposed for inclusion. On September 30, 2014, Armenia notified the decommissioning of over 20 ACVs.

This legacy compliance issue dates back to the early 1990s. As we are decades past the end of the initial reduction period and are unable to further clarify

information provided at that time, we will focus on Armenia's actual holdings and not on a reduction number that was imputed in 1993. This issue will no longer be reported.

**Apparent failure to declare all MT-LBu variant armored personnel carrier (APC) look-alikes:** Armenia last reported over five 1V13-16 MT-LBu look-alikes in its data declaration as of January 1, 2007. In November 2014, Armenia reported that it holds about 10 units. These units are stored at the disposal site at the 205th Armored Equipment Technical Maintenance Base in Yeghvard, Armenia. They have been designated for destruction and are not in service. This appears to resolve this issue, which will no longer be reported.

**Possible failure to declare Conventional Armaments and Equipment Subject to the Treaty (CAEST):** Armenia has shared some additional information that has helped address some questions at Yeghvard. However, Armenia has stated that its reduction procedures may not be entirely in line with Treaty requirements, which creates certain confusion during inspections. The United States still has concerns that Armenia may be underreporting CAEST at Yeghvard and possibly other declared sites in Armenia.

### **New Compliance Issue in 2014**

**Exceeding its limits on Treaty-Limited Equipment (TLE):** In its data as of January 1, 2014, Armenia declared equipment totals that exceeded its overall limits by over 40 pieces of TLE (over 40 ACVs in excess of Armenia's limits) and more than 35 over its sub-limit of 135 armored infantry fighting vehicles including heavy armament combat vehicles. On September 30, 2014, Armenia notified the decommissioning of over 20 ACVs, which may reduce but not eliminate the overage.

### **Steps the United States Has Taken and Armenian Response in 2014**

In 2014, NATO Allies conducted one bilateral and four quota inspections in Armenia, one of which included a U.S. inspector. The United States and NATO Allies have continued to raise compliance issues in the JCG as well as in bilateral discussions.

### **Azerbaijan**

Although Azerbaijan continues to express its full support for the Treaty, Azerbaijan has not fulfilled all of its Treaty obligations and has repeatedly stated that security issues continue to affect Azerbaijan's implementation as long as the Nagorno-Karabakh (N-K) conflict is unresolved and part of Azerbaijan's territory is occupied by Armenia.

### **Unresolved Compliance Issues**

Previously reported, unresolved compliance issues are: (1) exceeding its limits on Treaty-Limited Equipment (TLE) from January 1, 2007, continuing through 2014; (2) unilateral suspension of certain Treaty notifications and failure to report correctly certain objects of verification (OOVs); (3) failure to notify and complete a reduction obligation; and (4) possible failure to declare equipment limited by the Treaty.

### **Unresolved Compliance Issues With New Information in 2014**

**Exceeding its limits on Treaty-Limited Equipment (TLE):** Previously declared equipment totals that exceeded Azerbaijan's overall limits of TLE continued through 2014. In its data as of January 1, 2014, Azerbaijan declared equipment totals that exceeded its overall limits by over 600 pieces of TLE (over 260 battle tanks and almost 340 artillery pieces in excess of Azerbaijan's limits).

**Unilateral Suspension of Certain Treaty Notifications and Failure to Report Correctly Certain Objects of Verification (OOVs):** During the U.S. inspection of the Tank Motorized Training Center in Azerbaijan in September 2014, Azerbaijan reiterated its position, first issued in 1996, that it does not issue notifications of 10 percent or greater in assigned holdings of TLE because continuing security concerns limit its ability to implement Treaty provisions. The inspection team reported an increase of tanks and ACVs on the declared site greater than 10 percent. In its data as of January 1, 2014, Azerbaijan added a unit to its footnote on Chart V, indicating units deployed on the "line of contact," bringing the total to about 10. The omission of these units from Chart V lowers the number of OOVs and prevents States Parties from inspecting these units.

**Failure to notify and complete a reduction obligation:** The initial reduction liability for Azerbaijan was never notified, nor was it based on actual declared holdings in any data exchange -- the reduction liability (more than 1,000 pieces of equipment) was imputed on the basis of assumptions about Soviet TLE and statements by Azerbaijan and other former Soviet Union States Parties. On

August 7, 2014, Azerbaijan notified the decommissioning of over 100 pieces of TLE (over 60 battle tanks and almost 40 ACVs). These, plus previous reduction events and decommissioning notifications, brings Azerbaijan very close to the estimated reduction liability. This legacy compliance issue dates back to the early 1990s. As we are decades past the end of the initial reduction period and are unable to further clarify information provided at that time, we will focus on Azerbaijan's actual holdings and not on a reduction number that was imputed in 1993. This issue will no longer be reported.

**Possible failure to declare equipment limited by the Treaty:** In reference to the Lynx long-range rocket artillery systems observed in several parades, during informal meetings coincident with the December 2013 Annual Exchange of Military Information Azerbaijan explained that the Lynx artillery rocket system is not in service with conventional forces.

Several other new pieces of armaments and equipment were observed during Azerbaijan's Armed Forces Day parade on June 26, 2013, which would be subject to the Treaty if in service with Azerbaijan's conventional forces or internal security forces. T-90 battle tanks and 2S19 152mm self-propelled artillery systems were declared by Azerbaijan in its data as of January 1, 2014, but T-107 122mm multiple launch rocket systems, 2S12 120mm mortars, TOS-1A multiple rocket launchers, and CARDOM 120mm mortars have not been reported. Azerbaijan stated that the equipment observed in the parade that is unreported is not in service with Azerbaijan's conventional forces.

### **Steps the United States Has Taken and Azerbaijani Response in 2014**

In 2014, the United States conducted one inspection in Azerbaijan. In addition, NATO Allies conducted four inspections, two of which included a U.S. inspector. The United States and NATO Allies have continued to raise compliance issues in the JCG as well as in bilateral discussions.

### **OSCE Minsk Group Activity**

The N-K conflict appears to be a major influence affecting Treaty compliance by Armenia and Azerbaijan. The Organization for Security and Co-operation (OSCE) Minsk Group is the only forum agreed upon by Armenia and Azerbaijan to negotiate a peaceful resolution of the N-K conflict. A successful political settlement to the N-K conflict could have a positive impact on Armenia's and Azerbaijan's ability to resolve their Treaty compliance issues.

During 2014, the OSCE Minsk Group Co-Chairs (Russia, United States, and France), accompanied at times by the Personal Representative of the OSCE Chairperson-in-Office, met on several occasions with the foreign ministers of Azerbaijan and Armenia; with President Sargsyan and President Aliyev; and with the de facto authorities in N-K and Kelbajar to discuss the peace process and N-K conflict settlement.

There were three meetings between President Sargsyan and President Aliyev in 2014. The first was hosted by the president of Russia in August in Sochi. At a meeting in September hosted by Secretary of State Kerry, the presidents committed to resolving the conflict peacefully. Secretary Kerry called on the sides to strictly respect the ceasefire, take steps to prepare their publics for peace, and enter into a negotiation process. During a summit in Paris in October, the French president called for a genuine decrease in tension between the two parties on the ground, for the presidents of Armenia and Azerbaijan to demonstrate the necessary political will to overcome their disagreements, and for the drafting of a comprehensive peace agreement. Under the aegis of the International Committee of the Red Cross, the Armenian and Azerbaijani presidents decided to exchange data on people missing in the conflict.

## **Russia**

Since its “suspension”<sup>1</sup> of implementation of the Treaty at the end of 2007, Russia has made clear that it will not return to compliance with the original Treaty, a position reiterated by Foreign Minister Lavrov on November 19, 2014. Russia stated in 2007 that it did not anticipate increases of its forces in the Area of Application (AoA) above 2007 levels.

## **Unresolved Compliance Issues**

(U) Previously reported, unresolved compliance issues are: (1) Russian “suspension” of its implementation of the Treaty on December 12, 2007, and continuing through 2014, with failure to provide Treaty-required annual data<sup>2</sup> and

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1 In this Report Russia’s action is referred to as a suspension of implementation of the Treaty, as a decision to suspend observation of Russia’s Treaty obligations, or as a “suspension” in quotation marks, since the Russian action is not viewed as a legally available option under the Treaty.

2 Information required but not provided from December 2007 through December 2014 includes Russia’s annual Treaty data as of January 1 each year and associated annual notifications; flank data as of July 1 each year; quarterly notifications regarding equipment holdings at the Kushchevskaya armor maintenance facility; and periodic notifications of permanent changes in the organizational structure of Russia’s



all other Treaty-required information and rejection of all inspections (that were notified through November 2011<sup>3</sup>);<sup>4</sup> (2) stationing forces without the consent of the host state continuing through 2014, in Georgia and Moldova;<sup>5 6 7</sup> (3) exceeding flank limits;<sup>8</sup> and (4) exceeding overall limits for holdings in active units. See earlier Reports for other unresolved compliance issues reported prior to the Russian “suspension.”

## **Unresolved Compliance Issues With New Information in 2014**

### **Stationing forces without the consent of the host state, in Ukraine:**

Russia’s actions in the spring of 2014 of stationing military forces in Crimea without host nation consent, and Russia’s ouster of Ukrainian authorities and subsequent occupation and attempted annexation of Crimea, are inconsistent with the obligation of the States Parties recalled in the Preamble of the Treaty, “to refrain in their mutual relations, . . . from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes and principles of the Charter of the United Nations.” Russia’s continuing provocative actions in and around Ukraine remain of concern to the United States, our Allies and partners, and other States Parties.

The United States, NATO Allies, and other States Parties, except Russia, consider Crimea to be part of the internationally recognized territory of Ukraine. Because Russia is stationing forces on Ukrainian territory without Ukraine’s consent, Russia is in violation of Article IV, paragraph 5, of the Treaty.<sup>9</sup>

## **Steps the United States Has Taken and Russian Response in 2014**

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- conventional armed forces, or of changes of 10 percent or more in TLE assigned to units.
- 3 All NATO CFE States Parties, Georgia, and Moldova ceased implementing the inspection provisions vis-à-vis Russia in November 2011.
- 4 Under the Treaty’s Protocol on Inspection, no State Party has the right to refuse a declared site inspection (unless it would result in too many inspections on the territory of one State Party at the same time), and declared site inspections can only be delayed in cases of *force majeure*.
- 5 Russia’s data as of January 1, 2014, provided under the OSCE Global Exchange of Military Information, indicated the presence of a considerable amount of TLE in Abkhazia and South Ossetia.
- 6 While the Treaty establishes numerical limits on TLE and not on military personnel, the Article IV, paragraph 5 prohibition on stationing without host state consent applies to conventional armed forces in general.
- 7 Russia’s data as of January 1, 2014, provided under the OSCE Global Exchange of Military Information, indicated the presence of a considerable amount of TLE in Abkhazia and South Ossetia.
- 8 This does not take into account Russian notifications of temporary deployments in Armenia, Ukraine, and on Russian territory in the original flank.
- 9 Article IV, paragraph 5 permits States Parties belonging to the same group of States Parties to locate certain TLE in certain areas, “provided that no State Party stations conventional armed forces on the territory of another State Party without the agreement of that State Party.”

The United States and NATO Allies have responded to Russia's decision to "suspend" implementation of the Treaty with diplomatic engagement at the most senior levels. While U.S.-Russia discussions have been professional and comprehensive, Russian authorities remained inflexible.

There has been no change in Russia's position or actions since the United States announced in Vienna, Austria, on November 22, 2011, that it was ceasing implementation of certain obligations under the Treaty with regard to Russia. This was followed by similar announcements from the other 21 NATO States Parties to the Treaty as well as Georgia and Moldova that they would also cease implementation of the Treaty "vis-à-vis the Russian Federation." Since then and through 2014, the United States and NATO Allies have not attempted to inspect Russian forces in the Russian Federation or stationed elsewhere in the AoA. The United States continues to implement all of its obligations under the Treaty with respect to all States Parties other than Russia, and is prepared to resume full Treaty implementation with respect to Russia if Russia resumes implementation of its Treaty obligations.

During 2014, the United States and NATO Allies continued working to develop goals and elements of conventional arms control that could contribute to European security in the future.

The United States and NATO Allies have raised longstanding compliance issues bilaterally and in a variety of multilateral fora, including the JCG and OSCE meetings. Russian responses to questions on compliance have varied, but they generally have tried to deflect U.S. concerns. From 2007 through 2014, other longstanding issues were not pursued, as discussions focused on those related to Russia's "suspension," and in 2014 on Russia's occupation and attempted annexation of Crimea and continuing provocative actions in and around Ukraine.

### **C. MILITARY SIGNIFICANCE AND BROADER SECURITY RISKS OF COMPLIANCE CONCERNS**

Russia's "suspension" of Treaty implementation, which has seriously eroded the Treaty's verifiability, diminished the exchange of data and notifications, and undermined the cooperative approach to security that have been core elements of the NATO-Russia relationship and European security for more than two decades.

Regional actions such as forces stationed without the consent of the host State Party not only have political and military significance to the state in which those forces are stationed, but also destabilize regional security. Russia's occupation and attempted annexation of Crimea and continuing support for armed separatists in eastern Ukraine has significantly increased the level of concern throughout Europe, particularly for NATO Allies that share a border with Russia. The Russian military presence in Georgia, and Russia's recognition of the independence of the Georgian regions of Abkhazia and South Ossetia, undermine conventional arms control treaties and agreements. Similarly, the Armenian and Azerbaijani compliance concerns may be militarily significant to those two states, especially in the context of the N-K conflict.

None of the compliance concerns identified and discussed in this Report are militarily significant to the United States or to NATO as a whole.

Notwithstanding military significance, it is the policy of the United States that all violations of arms control agreements should be challenged and corrected, lest governments subject to such obligations conclude that they may be disregarded at will.